

Marshall Asks Full Emergency Before August

SEEKS RETENTION

Chief Of Staff Paints Dark Picture Of Army If Selectees Leave

WASHINGTON, July 17.—(AP)—Appealing to Congress to declare an unlimited national emergency before August 1, General George C. Marshall, the chief of staff, said today that Spain, Portugal and Africa might become the next target of Axis aggression.

Under such a declaration, draftees, national guardsmen, reserves could be retained in the service beyond the year of training for which they were originally inducted.

As Marshall testified before the Senate Military committee, there were these other developments meantime, on the defense front:

Legislation authorizing a \$585,000 program of additional shipbuilding, ship repair and naval ordnance facilities was approved by the House and sent to the senate.

Leon Henderson, the price control administrator, told a House committee investigating labor migrations, that rent control would be necessary in certain areas where defense work is concentrated unless rent increases are limited voluntarily.

Defense officials said a new program for a substantial increase in tank production was being drawn up at OPM. Funds were included, they said, in appropriations recently requested of Congress by President Roosevelt.

The OPM announced that rifles and sub-machine guns are being turned out at a rate of more than 1,500 a day.

Patterson also announced that the army had reached a peace-time peak of 1,477,000 men, and said that substantial deliveries had been attained on a new light bomber which he said was superior to any dive bomber in Europe.

Before the senate committee, Marshall said that close attention was being paid to the German-Russian war. Officials did not know what would come next, he added, but they envisioned future steps of great magnitude by the Axis.

"You can see Spain, Portugal and North Africa covered very quickly," he said. "Each move leaves the Axis forces more and more ready for another move."

"There is no doubt whatsoever in my mind that unless we make businesslike preparations we may find ourselves in a tragic situation."

Senator Hill (D-Ala.) inquired whether it was true that "each move brings danger nearer to us."

"Exactly," was Marshall's reply.

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WEATHER

North Carolina—Partly cloudy, scattered showers extreme east and south central portions Friday; Saturday mostly cloudy, afternoon thundershowers.

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HOPKINS He Set a Precedent . . .

HARRY HOPKINS VISITS BRITAIN

Attends War Meeting Of English Cabinet; Confers With Churchill

LONDON, July 17.—(AP)—Harry L. Hopkins, President Roosevelt's overseer of the lease-lend program, attended a meeting of the British war cabinet today—an extraordinary appearance which informed quarters called a history-making event.

The parliamentary correspondent of the British Press association referred to it as "an interesting precedent," adding:

"The prime minister evidently decided that in wartime red tape formalities must be flung away and that if it was a useful thing for the ministers to have a first-hand talk with Mr. Hopkins—who is known to enjoy the absolute confidence of President Roosevelt—then there was no reason why he should not be present at the cabinet meeting."

"Everything that happens there is of course secret, but it would seem an obvious guess that Mr. Hopkins reported to the cabinet on the lease-lend situation which it is his special province to study."

"Although Mr. Hopkins is Mr. Roosevelt's representative here he holds no ministerial rank, which in normal times might entitle him to attend such a meeting."

Non-members admitted to cabinet meetings since the outbreak of the war have been Edouard Daladier, who appeared while he was premier of France before the surrender, and R. G. Menzies, the Australian prime minister.

Hopkins, who had arrived here during the day in one of a fleet of U. S. built bombing planes, conferred almost immediately with Prime Minister Churchill.

He was met by W. Averell Harriman, the American co-ordinator of aid for Britain, who recently returned from the middle-east.

A conference with Lord Beaverbrook, the British minister of supply, on problems of high speed production of tanks was understood to be on Hopkins' agenda.

Likewise, it was believed, he would receive reports on the performance of American-made planes and tanks in the middle-east.

An office adjoining Harriman's was prepared for him and thus there was conjecture that he might remain in London for some time.

It was Hopkins' second visit to Britain during the war. He was last here in February.

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Teaching Staff Is Enlarged

State Commission Grants 24 To New Hanover; Salaries Boosted

New Hanover county's school teachers will be increased by 24 with the start of the school term in September.

Authorization to enlarge the school system's sorely understaffed faculty by that number, and financial provision for their salaries, was approved in Raleigh last night by the North Carolina State School commission.

The recommendation for the increase was carried to the Capitol city by H. M. Roland, county superintendent of schools, who told the state commissioners that any lesser increase in the teaching personnel of New Hanover would gravely jeopardize the standards of the school system, and might force a curtailment of the school program.

The request was granted by unanimous action of the commission.

RALEIGH, July 17.—(AP)—Completing a decade of control over North Carolina's public schools, the State School commission today approved a record-breaking budget of \$23,136,848.

Nathanael H. Yelton, commission secretary, said salary increases provided for in the new budget will raise teacher pay back to pre-depression levels.

A new top bracket of \$150 a month will be provided.

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DAYLIGHT SAVING APPROVED HERE

Most Civic Leaders Favor President's Plan To Conserve Power

Most city and county civic leaders are heartily in favor of President Roosevelt's proposal for a nationwide daylight saving plan for the conservation of electric power, according to a survey of opinion conducted by newspapermen yesterday.

Mavor Hargrove Bellamy expressed the opinion that "in a national emergency such as we now have, every effort should be made to conserve our resources. If there is danger of a serious power shortage, and the president's proposal will remedy that situation, I firmly commend his proposal and hope it will be adopted."

N. E. Drexler, president of the Tide Water Power company, said "I am in favor of the plan."

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Lindbergh Asks Apology From Interior Secretary

NEW YORK, July 17.—(AP)—Differences between Charles A. Lindbergh and the Roosevelt administration flared again today when the flier, in a letter to President Roosevelt, declared he had no connection with any foreign government and that he had a right to an apology from Secretary of the Interior Ickes, a constant Lindbergh critic.

"Mr. President, I will willingly open my files to your investigation," Lindbergh said. "I will willingly appear in person before any committee you appoint, and there is no question regarding my activities now, or at any time in the past, that I will not be glad to answer."

Refers to Decoration In regard to a decoration he received in the American embassy in Berlin, in the presence of the American ambassador "while I was carrying out the request of your ambassador to that government."

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FRANCO "To Intervene . . . Madness . . ."

U. S. INTERVENTION CALLED 'MADNESS'

Gen. Franco Warns United States Only Ruin Would Result

MADRID, July 17.—(AP)—Generalissimo Francisco Franco warned the United States in a militant speech tonight that any attempt to intervene in the European war would be madness.

The Spanish chief of state declared the Allies already had lost the war. He said the Greek campaign had proved that a fleet could be put out of action by airplanes, and so American entry would only lead to catastrophe.

In his speech to the national council of the Falange (Spanish Fascist) party, El Caudillo said that the conflict might spread to one between two continents, America and Europe.

"This could only lead to ruin of the American nations, which need liberty of the seas for their economic life," he said.

However, he discounted the possibility of a two-continent war, saying the conflict was being decided now on the Soviet front.

Francisco accused the United States, "when they offered us economic help," of "always trying to force us to obey the will of other nations."

By contrast, he praised Argentina warmly, saying: "Two years without ships, without foreign exchange, without credit and still Spain has imported 2,000,000 tons of grain, thanks to sister nations like Argentina which have given us every aid."

He pledged anew the friendship of Spain with the Axis in the fight against Russia.

"The countries of America, called by the Reds 'semi-colonial peoples,' can not be separated from this crusade against communism," Franco declared.

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BERLIN SAYS DECISIVE BATTLE BEING FOUGHT; REDS DENY ADVANCES

"NO CHANGE," SOVIETS

Reds Tell Of Fierce Fighting, Counter-Attacks In Central Sector

(By The Associated Press) MOSCOW, Friday, July 18.—Red troops successfully withstood fierce Nazi mechanized lunges in the Smolensk sector, 230 miles west of Moscow, and in the Pskov-Porkhov area, 150 miles south of Leningrad, the Soviet information bureau announced today in a report telling of heavy battling along the far-flung front.

"As a result of the fighting there was no important change in the disposition of our troops on the front," the communique said.

Soviet soldiers also are engaged in fierce fighting at Polotsk, near the Estonian border, and 140 miles to the rear of the dangerous Nazi salient which has reached Smolensk, the Russians said.

Kiev Not Mentioned The situation at Novograd-Volynski, 130 miles west of the Ukraine capital, Kiev (which the Germans say they have reached) remained the same, as did the front extending southward to the Bessarabian sector, it was declared.

"Our air force operated against enemy motor and mechanized troops and destroyed aircraft on airfields," the communique related. "During July 15 and 16, 98 German aircraft were destroyed. We lost 23 planes."

The latest communique told of great tank battles on the surging front, but summed up the combat in much the same vein as yesterday's bulletin. That said:

"In other directions and sectors of the front no major operations took place and no significant changes in the positions of our troops occurred."

This was an oblique way of saying there was no extension of the German thrust acknowledged on Wednesday night to have reached the vicinity of Smolensk, only 230 miles short of Moscow.

(The German news agency DNB claimed that Smolensk, which is on the direct route to Moscow, was in Nazi hands.)

Farther to the south along the central front the Soviet war bulletin indicated, there had been no change in positions which at last report had been strongly favorable to the Red defenders.

This was in the area of a 20-mile long salient formed by a long Russian counter-offensive across the Dnepr, where the Germans were declared to have been thrown back upon Bobruisk, a town long since passed in the main fighting, to a depth of 30 miles or more.

Political Commissars During the day, a reorganization of Soviet agencies of political propaganda and the reintroduction of political commissars into the Red army was announced. The commissars were empowered to share military responsibility with the regular commanders.

This was the decree of the president of the supreme Soviet: "1. To reorganize the administration of the army."

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New Jap Cabinet Forming

Vigorous Pressing Of War Like Aims Seen In Group Being Organized

TOKYO, July 17.—(AP)—Prince Fumimaro Konoye tonight was forming a new government designed to deal more capably than the last with the difficult and dangerous choices confronting Japan in the world crisis, especially those arising from the German-Russian war.

Emperor Hirohito commanded Konoye, head of the cabinet which resigned last night because of its troubles with "the ever-changing world situation," to retain the premiership and progress made in drafting a new ministerial list led to confidence the prince could present his cabinet to the sovereign tomorrow.

Indications tonight were that several key members of the retiring cabinet would retain office in the new one, for among Konoye's first consultants were General Eiki Tokjo, Admiral Koshiro Oikawa and Baron Kiichiro Hiranuma, retiring ministers of war, navy and home affairs, respectively.

May Ignore Matsuo It was noted, however, that Konoye had no conference with Foreign Minister Yosuke Matsuo, who is suffering from a cold and was absent from the emergency cabinet session which preceded the resignation.

(Matsuo has received chief blame for the empire's involvement in two accords which Adolf Hitler's invasion of Russia made irreconcilable to some Japanese minds—the alliance with Germany and Italy and the neutrality pact with Soviet Russia.)

The choice of Matsuo's successor was awaited as a clue to any new direction in foreign policy, but observers believed that Hiranuma's vigorous, totalitarian-tinged domestic policies and the powerful influence of the army and navy would be continued.

All through this crisis, experienced observers said, Konoye has had the complete backing of the armed forces. Financial circles also received his designation for a new term with satisfaction, the stock market today being free of signs of uneasiness.

If Konoye succeeds in forming a new cabinet it will be his third. The first saw the nation through the first two years of the war with China; the second, in office almost a year, allied Japan with the Axis and embarked her on an ambitious program of expansion in southeastern Asia.

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"HISTORIC CLASH"

Hitler's Communique Says 9,000,000 Men In Death Struggle On Front

(By The Associated Press) BERLIN, July 17.—The important railway center of Smolensk on the road to Moscow was claimed by the Germans tonight and the high command declared Russia was throwing her last reserves into the most extensive battle of all time, with 9,000,000 soldiers, fighting bitterly all along the eastern front.

"Great successes are in the making," the army said.

The official news agency DNB reported the fall of Smolensk, which is 230 miles west of Moscow, and also the capture of Polotsk, another rail center on the Dvina river northwest of Vitebsk and behind the advance Nazi Panzer units in this area. One thousand Russians were taken prisoner, the report said.

The high command, although reverting to longer descriptive phrases of the big battle, announced only the capture of Chisnau, the capital of Russian Bessarabia, on the southern end of the front. This also was behind the advance lines, the high command having reported late Saturday that German forces had crossed the Dnestr river out of Bessarabia and gone into the Ukraine "on a broad front."

Edited By Hitler Today's communique, dated at the Fuehrer's headquarters and, like those of other days, presumably edited by Adolf Hitler himself, opened in this way:

"Soviet leadership, throwing last reserves into battle, tried to stem the onslaught of German armed forces and their allies. On the entire east front a tremendous struggle for a decision is being waged."

"Roughly 9,000,000 soldiers are facing each other here in a struggle the extent of which surpasses all historic conceptions. Great successes are in the making."

"Then came one sentence on the fall of Chisnau, and the remainder of the statement was devoted to the sea and air battle with Britain.

From Finland to the Black sea the German war machine was declared to be striking tremendous blows, with the most spectacular action for the moment unfolding at the gates of Kiev, industrial capital of the rich Ukraine, but with power drives in the direction of Moscow and Leningrad continuing.

Kiev In Danger Of the three largest Russian cities being menaced by the German offensive, Kiev on the basis of authorized disclosures seemed to be in the greatest danger.

It was reported that the last of the underground bunker fortifications in the Kiev defense system had been taken by storm in operations carried on by the Germans under cover of artificial fog. It was not claimed that all Kiev defenders were killed.

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United States Bans All Exports To Axis Firms In South America

WASHINGTON, July 17.—(AP)—In a drastic move to tighten the economic blockade against Germany and Italy, President Roosevelt today banned the export of vital materials to more than 1,800 firms and individuals in Latin America named on a "blacklist."

Coincident with issuance of what was called "the proclaimed list of certain blocked nationals" deemed to be acting for the benefit of Germany or Italy, the President set up virtually an economic warfare committee to supervise the plugging of trade leaks through Latin American countries to the Axis.

On this committee are the secretaries of State, Commerce and Treasury, the Attorney General, the administrator of Export Control, and the coordinator of Commercial and Cultural Relations between the American republics.

Welles' Announcement At the same time Sumner Welles, acting secretary of state, announced to the Inter-American Financial and Economic Advisory committee the establishment of new government procedure designed to facilitate legitimate exports to other American countries with special consideration of their general cooperation with the United States.

Under this procedure, the other countries will submit to the State department the lists of materials and products needed by the governments or for government-sponsored purposes and priority will be given to these exports. In some cases the United States will act as procurement agent, obtaining the materials for the account of the Latin American countries.

The "blacklisting" was the most sweeping economic blow at Germany and Italy since President Roosevelt "froze" their assets and those of other European countries in the United States on June 14. The President by proclamation prohibited the export of any ma-

AXIS DETAINS U. S. NATIONALS

American Consular Officials, Families, Held Pending Ship's Arrival

(By The Associated Press) ROME, July 17.—In concert with Germany the Italian government held a group of 76 ousted American consular officials and employees at San Remo tonight as virtual hostages for the safe arrival at Lisbon of Axis consular staffs ejected from the United States.

The foreign ministry confirmed that its decision was made at the behest of Germany to observe the same procedure as Berlin regarding exchange of the consuls.

It will therefore not be possible, the ministry informed the U. S. embassy, to permit the American group to leave Italy until word has been received that the Italian consular party has arrived in Lisbon and disembarked from the U. S. naval transport West Point.

(American consular officials and employees who have been stationed in Germany are assembled at Frankfurt-am-Main. An authorized spokesman in Berlin said that "the

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Riot, Fights Mark CIO Picket Of Bendix Aviation Subsidiary

(By The Associated Press) Attempts by some employees of Air Associates, Inc., to go through CIO picket lines at its Bendix, N. J., plant led yesterday to fighting in which at least six persons were injured.

The CIO United Automobile Workers union began picketing the plant last Saturday, protesting what it called the dismissal of nine sheet metal workers and the company said were released necessitated by a shortage of aluminum.

An automobile caravan of workers headed into the plant yesterday and was met with a barrage of rocks from a crowd of men and women gathered about the gates. Police, using tear gas, dispersed the crowd. The plant employing 700 and engaged on national defense orders suspended operations, but later resumed them with a partial force.

Another labor development was

196 First Number Drawn For Draft Calling Young Men To Army Service

WILLIAM H. WOOD COUNTY'S SOLE 196

Alexander Boney, Draft Board No. 2, With 98 Goes To Top Of List

William Howard Wood in the city and Alexander Boney had their names plucked to the top of the list of New Hanover registrants in last night's fishbowl activities in Washington.

Wood's serial number, 196, was the first number drawn, and he received sequence number one for city draft board No. 1. The county had no registrant with a number as high as that, so Boney, number 98, gained top position with the second number drawn in Washington.

It is expected that Wilmington's ratio of new registrants to old will be about 1 to 10. Therefore, New Hanover registrants may get a rough idea of where they stand in the draft by multiplying their number by 10 and subtracting 10. That is, number one will be first on the new draft list, number two will be about tenth, number three 20th, and so on.

Following are the names which drew sequence numbers 2 through 10.

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(Draft Chart On Page Four)

WASHINGTON, July 17.—(AP)—A slender, grinning draft steppd up to a gleaming gold fish bowl tonight and extracted from it a pink capsule containing a slip numbered 196—thereby setting in motion the second conscription lottery of the present crisis.

Frank Knox, the secretary of the navy, had been scheduled to draw the first number but when his name was called he announced he would prefer to "step aside" in favor of whom a group of selectees to whom a much humbler part in the drawing had been assigned originally.

Brig. Gen. Lewis B. Hershey, in charge of the proceedings, called for the senior non-commissioned officer among them. Staff Sergeant Robert W. Shackleton of Fort Dix, N. J., strode to the platform in the departmental auditorium and gave Hershey a sweeping and snappy salute.

He was blindfolded and then he thrust his hand into the bowl, grasped one of the pellets and handed it to a young lady clerk who sat at a desk nearby. She unscrewed the capsule's threaded metal cap, extracted the slip and passed it on to Hershey, who announced its number.

The supplementary drawing was made necessary by the fact that 750,000 men were registered on July 1 who had not reached the age of 21 at the time of the original draft registration and lottery last October. The order in which the numbers were drawn tonight determined

the order in which these new 21-year-old registrants will be subject to a summons to the colors, provided they are not deferred because of their physical condition or other reasons.

After Shackleton had drawn his number, Knox removed his pinched nose glasses and was blindfolded by Colonel Charles R. Morris, retired—who handled the blindfolds for the first World War draft lottery. Knox produced number 98.

After that the blindfolding was discontinued in the interest of speed—there were 800 numbers to be drawn in all—and a succession of men representing various veterans organizations drew one number each. Then, the drawing was turned over to the detachment of draftees. They had been brought here especially for the purpose and had been chosen because they had already won the chevrons of a non-commissioned officer.

Colonel Hershey started the proceedings with a brief speech in which he said that the ceremony was "symbolic of American democracy" and that the draft registrants, new and old, constituted America's hope "for protection now and security for the future."

CALL ON GOVERNOR RALEIGH, July 17.—(AP)—About 100 Hayward county farmers making the annual Hayward county farmers tour called on Governor Broughton today. The farmers, members of the Hayward County Soil Improvement association, are making a five-day, 1,100 mile tour of the state.